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THE APPLICATION OF FARM AND HOME ACCOUNTS TO FAMILY LIVING*

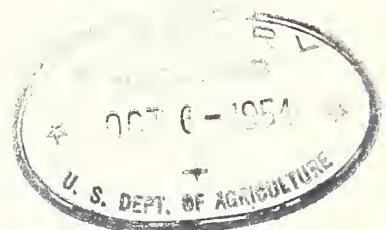
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The thinking process the family goes through in making a budget is of equal importance to the final figures that are put down in the plan. Such a plan should bring about a feeling --- "We are satisfied with the way we are planning to spend our money."

Some of the steps in good family money management are:

1. Making plans and setting goals.
2. Keeping farm and home accounts and using them.
3. Arranging a planning or business center.
4. Holding family financial councils.



Last January, I attended a farm and home management demonstration with a group of farmers and their wives who came to the meeting to work out their yearly plans. They first talked over the purpose of the meeting. Then the men went to one end of a long room and the women to the other. The men worked out the details for crops, livestock, and the anticipated income; the women worked out their plans for family living.

The women started with clothing plans. How many of you have to buy a new fall hat? How much do you usually pay for it? Are you going to pay more or less this year? Are the prices for hats going to be different? Such were some of the questions each homemaker answered for herself.

Mrs. Smith, the wife of a dairyman, sat next to me during the conference. Because of the number of cows they milked, they had to hire three men. Mrs. Smith figured that they were paying \$119 for bread each year. When she found this cut in making her plans, she said it was exactly the kind of information she and her husband needed because with facts of this kind they could decide if it would be wiser to sell a few cows and cut down on the costs of feeding extra hired men, or buy a few more cows and thus increase the income to take care of the hired men.

Another story from a farm management specialist illustrates how planning and accounts help us to make better decisions. A farmer with whom he was working estimated that he was spending \$200 a year for tobacco and cigarettes because he had drifted into the habit of passing them out to friends. The life insurance he carried for the protection of his family was only \$50. When this farmer saw these figures down in black and white he changed his plans to give his family greater protection.

We have accomplished a great deal if we have made yearly estimated plans, and put these plans down on paper. I have a keen appreciation of farm people's mental alertness. A family that has been farming and keeping house several years has a pretty good estimate of what they are using and spending. Estimated planning is certainly better than no planning.

* Prepared for Rural Credit Programs, Associated Women of the American Farm Bureau.

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Dr. C. B. Smith, Chief of the Division of Cooperative Extension, makes this statement: "In any group of 100 farmers taken as they come, any place in the United States, there are 15 to 20 farmers whose labor income is four times better than the average labor income of the whole group." Making plans, keeping records and using them will help secure a greater labor income.

Another definite advantage in keeping record of one's farm and home expenses and in building a plan for the coming year is that it helps establish a reputation for good business management. For instance, 90 per cent of the industries -- farm and commercial -- use some means of credit to increase incomes. Lending agencies, whether banks or insurance companies or your own local farm loan or production credit association, all require some kind of a financial statement. This includes a list of what the farm family owns and what they owe. Also, they require a plan of repayment of the loan. Naturally, consideration is given to a farm family who has a working knowledge of its own costs of living as well as the costs of operating its business.

How can farm families know these costs unless they have kept some check of their expenditures in the past?

Such information may mean the difference between success and failure of a year's work.

Record keeping may be a problem in some farm homes because it has been made too intricate. One mistake has been in trying to get just one person to do it, without the help of the rest of the family. All record keeping must be adapted to the family's needs. For instance, automobile or clothing costs may be a source of worry to the family. Or at first, families may wish to keep only records of cash received and cash spent. If you can't do anything else, keep at least this kind of a record. Later, if you wish, you can separate the items under their own headings.

Even the keeping of the cash spent involves family relationships. If father does the buying and mother asks how much the soap was, he doesn't always know. It may be too much trouble for him to ask the clerk to itemize the grocery list. Have the family decide who is the best person to keep the records and work out plans of how the others will cooperate.

There are more important things to account keeping than getting items down in a book. Records should help us with plans and bring about happiness and peace of mind. Records should not add to worries. A homemaker whom I met in my travels illustrates the extreme. She had kept accounts for years and wanted to know where every cent went. One day she could not locate three cents. She knew that they had been in her pocketbook and she thought her son had taken them without permission. When she talked to her husband about it, she found that he had taken the three pennies for a stamp. There is no use upsetting a whole family just for the sake of a penny.

How may accounts be used? In many ways to show us if our spending habits are good. Let's choose hosiery for an example. What do each of you



pay for hosiery in a year? \$5.00, \$10.00, \$12.50, \$15.00? The amount spent will vary according to:

1. Your income.
2. How many people you support.
3. Your profession.
4. Social standing in the community.
5. Recreational pursuits.
6. Build or physique.
7. Locale and climatic conditions.
8. Custom.

These factors remain fairly constant and help to decide whether we spend \$5.00 or \$15.00 for hose in a year. In other factors, such as buying knowledge and care of hosiery, you may be able to change the amount you spend. This can be learned by comparing figures with those of other people living under similar conditions. Such figures are available from Extension Services of Agricultural Colleges, on how farm families spend their money and the value of products furnished by the farm.

Make it easy for yourself to keep records. Where are the check book and legal or important papers kept? Where are the pencil, paper and ink? Back of the clock? Some families have no special place for these things and when father wants an important paper the whole family must turn out and help in the search. Many an important paper has gone through the washing machine in an overalls pocket because father did not have a convenient place to put it.

Family councils lead to better family relationship. People's ideas that family finances are always unpleasant are untrue. The young couple of today believes that money matters should be decided cooperatively. After an allocation is made for food and clothing and other necessary items the young couple of today assigns an amount to their personal needs. This amount they spend as they please and the amount is not itemized in the account book. Children as well as parents should have a personal allowance. If the young man takes his best girl to the dance and buys her a \$3.00 box of candy, he should not have to report this amount as such unless he cares to. His personal allowance covers this item and happy family relationships are the result.

There is much we can do to develop happy money management relationships between parents and children. Children should have the opportunity to earn and use money. Children should help on the farm by doing chores, washing dishes, and other jobs without pay, but should be given an occasion to earn money in some other way. One mother gave her son the eggs for one day for taking care of them for the month. He had to market his own product to get the responsibility for money management problems. The purpose of family financial planning, records and accounts is to get more out of what we work so hard to earn, and the children can help.

4-H boys' and girls' account books can be obtained from the National Committee on Boys and Girls Club Work, Inc., 56 E. Congress Street, Chicago,

Illinois, for 10¢; the Farm Family Account Books can be obtained from the Government Printing Office, Washington, D. C. at 15¢ a single copy. Your county Extension workers will be glad to supply you with books and help you with them.

Account keeping, then, should contribute to wholesome family living, build happy attitudes and assist in accomplishing the short and long-time goals set by the family.

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